

Report title	Council tax charges on empty properties and second homes policy	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Corporate Plan priority	Confident Capable Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable Director	Claire Nye, Finance	
Originating service	Revenues and Benefits	
Accountable employee	Sue Martin	Head of Revenues and Benefits
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Report to be/has been considered by	Directorate Leadership Team	17 September 2018
	Strategic Executive Board	18 September 2018

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve an increase in the amount of council tax premium charged for long-term empty properties with effect from 1 April 2019, subject to permissive legislation being finalised and the outcome of consultation.
2. Approve an amendment of the Council Tax Discretionary Relief policy with effect from 1 April 2019 to reduce or remove the empty property premium in certain cases.

1.0 Purpose

- 1.1 To seek approval to increase the council tax premium charged for long-term empty properties with effect from 1 April 2019. The revised policy is included as appendix 1.
- 1.2 To seek approval to amend the council tax discretionary relief policy with effect from 1 April 2019 to reduce or remove the empty property premium in certain cases. The revised policy is included as appendix 2.

2.0 Background

- 2.1 Councils have been given discretion to alter the amount of council tax payable on empty properties since 1 April 2013. A local discretionary policy was agreed by Cabinet on 23 January 2013 which applied a premium equal to 50% of the liability on any property left empty for two years or more (subject to statutory exemptions).
- 2.2 In the Spring 2017 budget, the Chancellor announced an intention to give councils the discretion to increase the premium to 100% of the liability from 1 April 2019. Primary legislation is required.
- 2.3 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill is progressing through Parliament and the House of Lords has proposed an amendment to give councils the discretion to increase the premium further to incentivise owners to bring long term empty homes back into use.

3.0 Impact of the current policy

- 3.1 In the last five years, £1.2 million has been charged in long term empty property premium. The amount per year has been broadly consistent, suggesting that the level of charge has not really influenced behaviour by encouraging properties back into use any more quickly.
- 3.2 The following table shows the amount charged in respect of each year to 31 March 2018.

Year	Council owned £,000	Wolverhampton Homes £,000	Other £,000	Total £,000
2013	6	23	208	237
2014	4	15	214	233
2015	3	10	214	223
2016	6	7	217	230
2017	4	1	227	232
Total	23	56	1,080	1,172

3.3 The following table contains further detail about distribution of the premium across the City:

Ward	Average days empty	Number of properties charged	Continuously empty since 01/04/2013
Bilston East Ward	489	48	2
Bilston North Ward	531	60	4
Blakenhall Ward	559	104	10
Bushbury South & Low Hill Ward	630	86	10
Bushbury Ward	529	35	3
East Park Ward	481	48	2
Ettingshall Ward	554	96	8
Fallings Park Ward	685	28	2
Graiseley Ward	581	122	12
Heath Town Ward	387	141	2
Merry Hill Ward	496	41	3
Oxley Ward	516	37	1
Park Ward	528	115	9
Penn Ward	613	63	8
Spring Vale Ward	441	53	4
St Peters Ward	613	126	7
Tettenhall Regis Ward	467	60	5
Tettenhall Wightwick Ward	519	46	5
Wednesfield North Ward	431	19	1
Wednesfield South Ward	539	42	3
Total	532	1370	101

4.0 Exemptions from the empty property premium

4.1 To be classed as empty a property must be unoccupied and unfurnished.

4.2 There are statutory exemptions where unoccupied properties are exempt from empty property charges regardless of whether they are empty. These include situations where:

- The person has gone to live in a care home
- The person has died (exempt for six months after probate granted)
- The person is in prison
- The person is living elsewhere to receive care
- The property has been repossessed.

5.0 Proposed changes

- 5.1 It is proposed that charges are increased in line with The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill. As currently drafted and amended this would mean additional charges as follows:

	2018-2019	2019-2020	2020-2021	2021-2022 onwards
Empty up to 2 years	0%	0%	0%	0%
Empty for 2 to 5 years	50%	100%	100%	100%
Empty for 5-10 years	50%	100%	200%	200%
10 years or more	50%	100%	200%	300%

- 5.2 The proposal will be included in the annual budget consultation due to start in October.

6.0 Exceptions to the empty property premium

- 6.1 The local discretionary relief policy provides support for customers who are suffering hardship or other exceptional circumstances affecting their ability to pay council tax. Where a customer is having trouble selling a property, payment of council tax can be deferred until the sale and in some cases the empty property premium will be waived.
- 6.2 There are however some rare occasions where it may be appropriate to reduce or waive the premium that are not currently covered by the discretionary relief policy. It is proposed that the policy is amended to allow consideration where a property already attracts the premium and is purchased by someone intending to live there but unable to do so immediately due to its condition.

7.0 Evaluation of alternative options

- 7.1 Option 1 - no change to existing policy. There is little evidence to suggest that the existing policy has encouraged owners to bring properties into use and have a positive impact on the national housing shortage
- 7.2 Option 2 – Increase to 100% then retain. It is difficult to predict the change in behaviour by increasing the charges. Many property owners are accustomed to paying the existing premium and some will adjust to the increased charges as they are choosing to keep the properties empty.

8.0 Reasons for decision:

- 8.1 There is a shortage of homes both locally and nationally. Through charging the maximum permitted by the legislation owners of empty properties are likely to bring empty properties back into use more quickly than under the current charges.
- 8.2 A review of empty properties is being carried out and a new City Empty Homes Strategy is being developed linked to work with Empty Dwellings Orders. The Director of Housing is developing a new service model involving wider partnership working and incentives to bring properties back into use.
- 8.3 The council tax discretionary relief policy provides support for customers who are suffering hardship or other exceptional circumstances affecting their ability to pay council tax. An amendment is recommended to reduce the premium where new owners of long term empty properties have purchased properties to live in themselves but first need to carry out major repair works to make them habitable.

9.0 Financial implications

- 9.1 Increasing the premium to the levels expected to be permitted could generate additional annual income in the region of £155,000 for 2019-2020 through to £345,000 in 2021-2022. This takes into account the potential for an effect on behaviour and a prudent allowance for collection rate. The projected additional income of £155,000 for 2019-2020 has been included the Council's approved Medium Term Financial Strategy.
[MH/21092018/E]

10.0 Legal implications

- 10.1 The legal provision to charge council tax on empty properties is contained within the Local Government Act 1992 and its associated regulations. The maximum permitted premium on empty properties that have been empty for two years or more is 50%.
- 10.2 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill is progressing through Parliament and the House of Lords has proposed an amendment to give councils the discretion to increase the premium further to incentivise owners to bring long term empty homes back into use. Once enacted the Council will have the legal right to increase the charges.
- 10.3 The provision to reduce or waive council tax charges is contained within section 13A of the Local Government Finance Act 1992.
[RB/06092018/F]

11.0 Equalities implications

11.1 Equalities screening has been carried out and there are unlikely to be any adverse impacts in the three key areas.

12.0 Environmental implications

12.1 There are no environmental implications.

13.0 Human resources implications

13.1 There are no human resources implications.

14.0 Corporate landlord implications

14.1 There will be implications for the Council's property portfolio if the Council owns any domestic properties that are empty long term.

15.0 Appendices

15.1 Appendix 1 Council Tax Charges on Empty Properties and Second Homes Policy

15.2 Appendix 2 Council Tax Discretionary Discount Policy

16.0 Schedule of background papers

16.1 [Cabinet 23/01/2013 - Agenda Item 5b - Council Tax Base and NNDR Net Rate Yield 2013/14](#)

16.2 [Cabinet \(Resources\) Panel 11/11/2014 - Agenda Item 6 - Technical Reforms of Council Tax - Review of Charges for Empty Properties and Second Homes](#)